

OPCF IPR FAQs – VERSION 1.0 – 09-APR-18

NOTE: These FAQs are not the Policy. The IPR Policy document is the definitive statement of OPC FOUNDATION's IPR terms, and controls over anything stated in these FAQs.

Why did OPC FOUNDATION create a new IPR Policy?

We found that our old policy—which we're now calling "Version 1.0"—was causing unnecessary confusion and creating barriers to participation. The old IPR terms reflected assumptions that were true when OPC was founded in 1996. In the interim, practices in the standards community changed. OPC FOUNDATION's model grew inconsistent with industry best practices, and both current and prospective members found this dissonance difficult to navigate. The goal with the new policy—"Version 2.0"—is to follow established best practices and make it easy for OPC FOUNDATION members to understand their rights and obligations.

Has OPC FOUNDATION changed its IPR philosophy?

No. The new policy continues to embody OPC FOUNDATION's longstanding goal of enabling implementation OPC FOUNDATION specifications on a royalty-free basis. We remain committed to creating a robust royalty free ecosystem for all OPC FOUNDATION implementers (both members and non-members), while also respecting the IP interests of OPC's contributor community.

Why did you switch to the RAND-Z approach?

The old policy required that in certain cases members either assign ownership of patent rights to OPC FOUNDATION or else grant OPC FOUNDATION a broad ownership-like license. Some prospective members objected to this requirement. The new policy adopts a "RAND-Z" model. That is, it requires that a member that controls a "necessary claim" to license that claim directly to OPC FOUNDATION specification implementers (both members and non-members) on reasonable and non-discriminatory terms, with zero royalty. The RAND-Z model is well-established and well-understood in the standards and open source communities. We believe the RAND-Z model is a more effective means to achieve the same end that was intended under the old policy.

Will OPC FOUNDATION still perform patent analysis?

No. Under the old policy, OPC FOUNDATION was charged with performing patent analysis to identify when patent claims were "necessary." Under the new policy's RAND-Z model, this issue (if it ever comes up) is addressed bilaterally between parties. Virtually all standards organizations follow this bilateral model. OPC FOUNDATION's previous approach was unusual in the industry and created some difficulties for the organization.

Do non-member implementers have an obligation to license the OPC FOUNDATION ecosystem?

Yes, if they wish to benefit from the OPC FOUNDATION IPR terms. A non-member implementer of an OPC FOUNDATION specification is eligible to receive a RAND-Z license from a member only if the non-member commits to grant similar RAND-Z licenses to members and all other participants in the OPC FOUNDATION ecosystem.

Won't the "opt out" provision cause problems?

The new policy does permit a member to "opt out" a patent claim from the RAND-Z license obligation, if that member provides notice prior to specification finalization. We believe that this is a necessary safety valve for patent owners, who otherwise face the risk that they could be forced to unintentionally license a critical patent based on contributions made by third parties. At the same time, experience shows that this type of provision is invoked extremely rarely. If it were to happen, OPC FOUNDATION would convene a special committee to carefully analyze the situation and recommend an appropriate resolution to the OPC FOUNDATION Board. OPC FOUNDATION would notify all members of relevant facts. Note that the opt-out provision is available only for future draft specifications; no member can opt out claims related to existing specifications.

Does the new policy apply to old activities?

Yes. If a member does not withdraw, they are indicating that they agree that the new Version 2.0 policy replaces and fully supersedes the old Version 1.0 IPR terms. This means that licensors take on the new RAND-Z obligation both for existing specifications and for future specifications. Note, however, that under the new policy a "party defending an IP infringement claim ... does not ... waive the right to rely on the terms of the prior policy to the extent activities occurring before the effective date of this Policy are relevant to its defense" (Section 6(a)). This provision ensures that a party that incorporated OPC FOUNDATION specifications into its products isn't inadvertently left worse off somehow under the new policy (we don't think this is the case but wanted to err on the side of caution).

Can we see the old "1.0" policy so that we can compare it to the new "2.0" policy?

Yes. The 1.0 policy is available at [here](https://opcfoundation.org/wp-content/uploads/2018/05/OPCF-IPR-Policy-Ver1.0.pdf):
<https://opcfoundation.org/wp-content/uploads/2018/05/OPCF-IPR-Policy-Ver1.0.pdf>

We noticed that the new policy potentially impacts “Affiliates” of the member company. We’re part of a large corporate conglomerate aren’t authorized to obligate our parent or sibling companies to legal obligations. Can we agree just on behalf of our own company?

No. Note that OPC Foundation’s original IP policy also included terms imposing IP obligations on Affiliates. This is not a new issue for the 2.0 policy. We understand that this approach can create practical challenges for some of our members. However, as a rule, standards organizations require “Affiliates” to be bound by the same patent licensing promises as members because in many corporate structures intellectual property is held by a legal entity other than the entity that is a direct member. Limiting the license obligation only to the member would be an empty promise in these cases. Worse, the participating member could potentially feed information to the IP-owning entity, enabling the IP-owning entity to target patent filings at draft specifications. This is a well-understood risk for standards organizations. The solution is to require that “Affiliates” be bound by patent license promises.

Is my patent #XXXXXXX impacted by this change in policy?

We cannot answer questions about specific patent claims. Under the new policy, if a patent includes a claim that is a “Necessary Claim” (as defined) for an implementation of an OPCF specification, the member who owns that claim is required to grant a license on zero-royalty and otherwise reasonable and non-discriminatory terms to for an implementation of the applicable specification, if an implementer requests such a license. This obligation is similar (but not identical) to the obligations under the 1.0 version of the policy, which also required relevant patent owners to agree to terms that would not permit seeking royalties.

Is there now a policy asking participants in OPCF activities to disclose patent conflicts, similar to IEEE for instance?

No. IEEE and various other standards organizations that include an obligation on participants to disclose potentially essential patents are typically “RAND” policies (which permit royalties), as opposed to OPCF’s “RAND-Z” policy (which is royalty free). In a RAND-Z context patent disclosure is less important, because if there are necessary patent claims, those claims are subject to the RAND-Z license obligation. Given this royalty-free obligation, the costs of managing a disclosure process (both for members and OPCF) outweigh any benefits.

Are there any third parties that have declared that OPCF members implementing OPCF standards will need to purchase a license from them? Do I need to prepare for a company contacting us asking us to execute a license with them?

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We do not expect any noticeable difference between the 1.0 and 2.0 policies around licensing, as OPC remains a royalty-free ecosystem among participants under the new policy. There are always risks that third parties outside of the OPCF ecosystem (i.e. parties who have not agreed to the OPCF terms) could assert claims, but this risk is not impacted by the change from the 1.0 to 2.0 versions of the IPR Policy. We have no reason to think that the change to the 2.0 version of the policy will increase the risk of licensing assertions.

If I don't want to be obligated under the new policy, what do I do?

Withdraw from OPC FOUNDATION before **Wednesday, May 9, 2018**. In that case you will be bound by the obligations of the old policy, but the terms of the new policy will not apply to you. If you do not withdraw, you will be bound by the terms of the new policy.

IMPORTANT: The new terms supersede and fully replace the old IPR Policy terms. They will apply to all OPC FOUNDATION members. Continued membership in OPC FOUNDATION requires acceptance of the new terms. ***Any member of OPC FOUNDATION that remains a member of OPC FOUNDATION after the effective date of the new policy—May 9, 2018—will be deemed to have agreed to the new terms.*** To withdraw from OPC FOUNDATION, send written notice of withdrawal to: (written notice may be sent by postal mail or email).

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Notices sent by email will be effective only after we confirm receipt. We will send an email acknowledgment for both postal mail and email withdrawals.

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We're interested to add additional questions to this FAQ. Please send your inquiries to office@OPCFoundation.org and we'll add items here as needed.